



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0206	<b>Title:</b>	Establish limits on the supplemental nutrition assistance program
<b>Primary Sponsor:</b>	Thomas, Fred	<b>Status:</b>	As Amended <span>▼</span>

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$460,706	\$314,894	\$319,618	\$324,412
State Special Revenue	\$43,500	\$39,990	\$40,590	\$41,199
Federal Special Revenue	(\$14,380,205)	(\$14,542,070)	(\$14,534,603)	(\$14,527,024)
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$14,380,205)	(\$14,542,070)	(\$14,534,603)	(\$14,527,024)
<b>Net Impact-General Fund Balance:</b>	<u><u>(\$460,706)</u></u>	<u><u>(\$314,894)</u></u>	<u><u>(\$319,618)</u></u>	<u><u>(\$324,412)</u></u>

**Description of fiscal impact:** SB 206, as amended, requires the Department of Public Health and Human Services (DPHHS) to make changes to the Combined Healthcare Information and Montana Eligibility System (CHIMES) related to Supplemental Nutrition Assistance Program (SNAP) eligibility. Notices will need to be sent to all clients regarding the change in eligibility criteria. Eligibility staff will need additional time to verify assets, answer questions and process mail. Some Able Bodied Adult Without Dependents' (ABAWDS) and other families may lose eligibility resulting in a reduction of federally funded benefits. There will be an additional cost for replacement Electronic Benefit Transfer (EBT) cards with photographs.

## FISCAL ANALYSIS

### Assumptions:

#### **Department of Public Health and Human Services (DPHHS)**

1. SNAP is an entitlement program based on federal regulations for eligibility. Adding asset limitations would change the state plan and require the approval of the USDA Food and Nutrition Services (FNS). Updating the geographic ABAWD waiver also requires FNS approval.
2. SNAP administrative costs are funded at 50% general funds and 50% federal funds. Benefits are 100% federally funded. OPA Eligibility costs are funded with 36.93% general fund, 4.69% state special revenue and 58.38% federal revenue.
3. Administrative rule changes will be required to implement the requirements of this bill. The Secretary of State's office charges \$50 per page for the publication of administrative rules. Approximately 15 pages of rules necessary to enact the requirements of this bill will cost \$750 (15 page x \$50). This is a one-time only cost.
4. The cost to make the eligibility related changes for SNAP in the CHIMES system is approximately \$45,000 from maintenance and operations for 350 hours of CHIMES programming funded with 50/50 SNAP administrative funds.
5. Of the approximately 58,000 households who receive SNAP, about one half of those will have resources that need evaluation based on the change to impose a resource test. Self-attestation is not an allowable method for SNAP asset verification. An average of three resource related documents per household is expected to increase the time spent by centralized document processing unit staff in processing these additional documents. The additional hours will require the equivalent of approximately 1.00 additional Client Service Technician. (Salary and benefits of \$48,086 for FY 2016 and 2017). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
6. The additional time to process each SNAP application is estimated to be 30 minutes in regards to resource evaluations and determinations, requesting documentation, explaining the elimination of ABAWD exemptions to additional applicants, etc. The department processes approximately 56,000 applications per year. The additional hours will require 13.50 FTE Client Service Coordinators. (Salary and benefits of \$51,172 x 13.5 FTE or \$690,822 for FY 2016 and 2017). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
7. An estimated 33%, or 18,480, of SNAP applicants will call DPHHS with questions or request clarification on SNAP requirements, estimated at approximately 5 minutes per call. The additional hours will require the equivalent of 0.75 FTE additional Client Service Coordinators. (Salary and benefits of \$51,172 x 0.75 FTE or \$38,379 for FY 2016 and 2017). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
8. A one-time only office-setup and computer purchase is needed in FY 2016, for a total of \$46,000 (\$1,600 office set-up + \$1,275 computer = \$2,875 x 16 positions = \$46,000).
9. Annual SITSD and phone services for 16 positions is \$22,688 (\$1,112 SITSD + \$306 OTO phone = \$1,418 x 16 = \$22,688) in FY 2016. For FY 2017 this cost is \$17,792 (\$1,112 x 16 = \$17,792). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
10. Annual rent for 16 positions is \$57,600 (\$3,600 per year x 16 = \$57,600) for FY 2016. For FY 2017-2019 the rent cost is \$57,600 (\$3,600 per year x 16 = \$57,600). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
11. The cost to notify applicants in FY 2016 of the new SNAP eligibility requirements is \$23,940 (60,000 pieces of mail to each SNAP household x \$0.399 per piece in presort rate postage).
12. The cost of implementing photographs on EBT cards is estimated to be \$190,000 of 50/50 funding, with no cost estimated for the acquisition of the photographs.
13. With this change approximately 1,176 ABAWDS currently in exempt counties are expected to lose eligibility within 30 days of the department's implementation of this legislation. Half are estimated to receive the maximum benefit level of \$194 per month and half are estimated to receive a reduced benefit of

\$125 per month for a net reduction of \$2,250,864 per year (588 x \$194 x 12 months = \$1,368,864 plus 588 x \$125 x 12 months = \$882,000 for a total of \$2,250,864). Benefits are 100% federally funded.

14. Of the 29,000 SNAP households with resources subject to testing, approximately 15% or 4,350 households are expected to have countable resources that exceed the resource limits. The average household benefit is \$245. Losing eligibility for the 4,350 households will reduce benefits paid by an estimated \$12,789,000 per year (4,350 x \$245 x 12 months = \$12,789,000) which is 100% federally funded.

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	15.25	15.25	15.25	15.25
<b><u>Expenditures:</u></b>				
Personal Services	\$777,287	\$777,287	\$788,946	\$800,780
Operating Expenses	\$386,578	\$75,391	\$76,523	\$77,671
Benefits/Claims	(\$15,039,864)	(\$15,039,864)	(\$15,039,864)	(\$15,039,864)
<b>TOTAL Expenditures</b>	<b>(\$13,875,999)</b>	<b>(\$14,187,186)</b>	<b>(\$14,174,395)</b>	<b>(\$14,161,413)</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$460,706	\$314,894	\$319,618	\$324,412
State Special Revenue (02)	\$43,500	\$39,990	\$40,590	\$41,199
Federal Special Revenue (03)	(\$14,380,205)	(\$14,542,070)	(\$14,534,603)	(\$14,527,024)
<b>TOTAL Funding of Exp.</b>	<b>(\$13,875,999)</b>	<b>(\$14,187,186)</b>	<b>(\$14,174,395)</b>	<b>(\$14,161,413)</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$14,380,205)	(\$14,542,070)	(\$14,534,603)	(\$14,527,024)
<b>TOTAL Revenues</b>	<b>(\$14,380,205)</b>	<b>(\$14,542,070)</b>	<b>(\$14,534,603)</b>	<b>(\$14,527,024)</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	(\$460,706)	(\$314,894)	(\$319,618)	(\$324,412)
State Special Revenue (02)	(\$43,500)	(\$39,990)	(\$40,590)	(\$41,199)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Long-Term Impacts:**

**DPHHS**

- The number of eligible SNAP recipients will decrease due to a combination of the following:
  - Implementation of a resource tests and fewer geographical areas eligible for ABAWD exemptions.
  - Increased number of individuals subject to ABAWD requirements due to reduction of ABAWD exempt counties and parts of different tribal reservations.
- The number of recipients of SNAP benefits will decrease due to restrictions on assets.

**Technical Notes:****DPHHS**

1. SB 206 would not allow Montana to use the option of calculating counties' regional unemployment rate for ABAWD exemption at a factor of 20% above the national unemployment (UI) rate. Limiting ABAWD exemptions to only counties/reservations with a 10% state unemployment rate reduces the number of exempt ABAWD counties/reservations and impacts SNAP recipients within those boundaries.
2. Montana may only share SNAP information if it is specifically related to the administration of the SNAP program. Section 12 does not appear to meet the criteria.

**Department of Labor and Industry (DLI)**

3. The methodology for determining "unemployment rate for the previous 12-month period" is not defined in the bill. If this is determined to be an annual unemployment rate, the Department could perform the evaluation of area eligibility annually with existing staff, and little additional expenses would be incurred. However, if the 12-month period is interpreted to be a rolling evaluation timeframe, areas would have to be reevaluated for eligibility every time a new monthly unemployment rate was released. In this instance, the DLI could incur significant additional costs, as staff would have to re-establish eligibility monthly for each area using the most recent 12-month period.
4. The DLI is uncertain as to the interpretation of Section 1(3)(b) of the bill. The DLI currently publishes unemployment rates for counties, and anticipates publishing monthly unemployment rates for reservations in the future. However, the DLI does not publish monthly unemployment rates for sub-county/sub-reservation areas.

---

*Sponsor's Initials*


---

*Date*


---

*Budget Director's Initials*


---

*Date*